



ENERGY ASSURANCE DAILY

Thursday, June 07, 2007

Major Developments

Update: Persian Gulf Shipping Recovers as Cyclone Gonu Passes June 7

As of 09:00 GMT June 7, Cyclone Gonu was located about 85 nautical miles northwest of Muscat, Oman and is moving in a northwesterly direction approaching Iran as it passes over the Gulf of Oman, according to the U.S. military's Joint Typhoon Warning Center. Impacts to oil and gas movements:

- **Strait of Hormuz:** According to an economist at WTRG Economics, tanker delays through the Strait of Hormuz have been limited and shipping should return to normal by June 8. On June 6, only a few ships were passing through the Strait, despite 4 to 6 foot swells and strong winds.
- **Oman:** According to state oil officials, there were no reports of damage at the Mina Al Fahal oil export terminal or other oil facilities in Oman. It was also reported that the Mina Al Fahal terminal would be reopened on June 8 after it has been inspected. Shippers told Reuters that Mina Al Fahal and the Sur LNG export terminal remained closed partly due to residual flooding. Mina Al Fahal exports approximately 650,000 b/d and is the country's only oil export terminal. The Sur LNG terminal exports 10 million tons of LNG per year. Rough seas have halted Oman's oil and gas exports since June 5. Oman's Sohar refinery has returned to pre-storm levels of production. According to spokesman from the Ministry of Oil and Gas, the storm caused little damage to Oman's oil fields.
- **UAE:** In the United Arab Emirates, the port of Fujairah, a major refueling center for Gulf tankers, reopened June 7 after it suspended all refueling and ship-to-ship supply operations June 6. Port officials said the port was not damaged by the storm.
- **Iran:** At 09:00 GMT, Cyclone Gonu was approaching Iran's southern coast. According to the web site of Iran's oil ministry, the Bandar Abbas oil refinery, which supplies petroleum products to local markets, has closed jetties that receive oil from tankers but the plant was working normally. On June 6, a senior Iranian oil official said the storm is not expected to disrupt oil exports since the country's main terminals are inside the Persian Gulf.

Maps: TC Warning Graphic: <https://metocph.nmci.navy.mil/jtwc/warnings/io0207.gif>

Satellite Imagery: https://metocph.nmci.navy.mil/jtwc/satshots/02A_070530sams.jpg

Middle East Map: http://www.theodora.com/maps/new8/middle_east.jpg

Sources: <https://metocph.nmci.navy.mil/jtwc/warnings/io0207web.txt>

<http://www.marketwatch.com/news/story/oil-above-67-storm-refinery/story.aspx?guid=%7B1D563134-C81C-4FC6-93ED-D2D1C1CC01C8%7D>

<http://www.freep.com/apps/pbcs.dll/article?AID=/20070607/NEWS07/70607027>

Reuters, 09:49 June 7, 2007

Bloomberg News, 13:45 June 7, 2007

Electricity

Electrical Workers Group Says Los Angeles DWP Not Prepared for Peak Summer Use

Since last year, when a heat wave triggered massive power outages across the utility's electric grid, the Los Angeles Department of Water and Power has replaced thousand of transformers, repaired hundreds of problem circuits, and hired private crews on standby to assist with restoration. However, the International Brotherhood of Electrical Workers, which represents more than 80 percent of DWP employees, says that the utility has done little since last summer and needs to hire new people, start load-testing, and alert people in Los Angeles that there is a plan during power outages.

http://www.dailynews.com/news/ci_6061773

FPL's 693 MW Turkey Point Nuke Unit 3 in Florida Shut June 7

The company shut the unit so that it can troubleshoot readings related to rod-position indicators. The unit is expected to return to full power June 11.

Bloomberg News, 12:12 June 7, 2007

Placer County's 218 MW Middle Fork Hydro Unit in California Shut June 7

Reuters, 08:46 June 7, 2007

Petroleum

Four U.S. Gulf Pipeline Operators Form Partnership to Speed up Emergency Repairs

Enterprise Products Partners, Enbridge, BP and Eni have formed a partnership they say will allow them to dramatically expedite deepwater pipeline repairs after hurricanes or other emergency disruptions. The four companies, which represent roughly 25 percent of the deepwater pipeline capacity in the Gulf of Mexico, have agreed to buy \$12 billion of equipment to fix damaged pipelines, however the equipment will not be available for the 2007 hurricane season. Stress Engineering Services, which will manage the project, said that having equipment readily available in an emergency could reduce the time that a pipeline is out of service by 50 to 75 percent.

<http://www.chron.com/disp/story.mpl/business/energy/4869029.html>

Florida Inspectors Cite Gas Stations for Failure to Install Back Up Power

Florida State inspectors are giving out citations to gas stations along evacuation routes that have not complied with a new law requiring them to be equipped with emergency power generators. Many gas stations that should be in compliance were found not ready by the investigation. The law is intended to keep gas stations operable during power outages.

http://cbs4.com/consumer/local_story_157181416.html

Kinder Morgan Product Pipeline in California Shut After Train Derailment June 7

Kinder Morgan has shut its 12-inch refined products pipeline as a precaution after a train derailment about 70 feet from the line. The pipeline runs between refineries in Concord and a pump station in Martinez. According to a company spokeswoman, the pipeline will be restarted shortly.

Bloomberg News, 12:27 June 7, 2007

SRU Briefly Disrupted at Marathon's 73,000 b/d Canton Refinery in Ohio June 7

The sulfur recovery unit (SRU) was operating normally early June 7 after a disruption late June 6.

Bloomberg News, 09:10 June 7, 2007

SRU Glitch Reported at Valero's 325,000 b/d Port Arthur Refinery in Texas June 7

According to a filing with Texas regulators, Valero reported a problem with a sulfur recovery unit (SRU).

Reuters, 11:58 June 7, 2007

Natural Gas

U.S. LNG Imports Hit Record Highs for Third Straight Month

The United States imported a record level of liquefied natural gas (LNG) in May for the third month in a row.

According to an analyst from Waterborne Energy, U.S. LNG imports in May totaled 3.1 Bcf/d.

Reuters, 13:54 June 7, 2007

Other News

Business Roundtable CEOs Provide Blueprint for U.S. Energy Future

Business Roundtable, an association of 160 chief executive officers of leading U.S. companies, June 7 unveiled a wide-ranging energy plan calling for a more diversified and domestic-based energy supply mix, increased energy efficiency and greater investment in new energy technologies. The recommendations, available in the plan entitled "More Diverse, More Domestic, More Efficient: A Vision for America's Energy Future," were developed through a consensus-driven process led by Business Roundtable's CEO members representing multiple sectors of the economy, and call for a mix of sound government policies, technological innovation, and proactive, voluntary efforts. The plan includes ethanol and other bio-fuels, nuclear power, greater access to conventional domestic oil and natural gas reserves, coal-to-liquids, coal gasification, and energy efficiency.

<http://www.businessroundtable.org/newsroom/Document.aspx?qs=5876BF807822B0F19D5448422FB51711FCF50C8>

Energy Prices

U.S. Oil and Gas Prices			
June 7, 2007			
	Today	Week Ago	Year Ago
CRUDE OIL West Texas Intermediate U.S. \$/Barrel	66.80	63.62	70.83
NATURAL GAS Henry Hub \$/Million Btu	7.89	7.80	5.82

Source: Reuters

Energy Notes

Winds Knock Out 115 kV Transmission Line, 6 Colorado Towns Lose Power June 6

<http://www.telluridenews.com/articles/2007/06/07/news/news01.txt>

Electric Transformer Shooting Knocks Out Power for Farmers Electric Cooperative in New Mexico

http://www.cnjonline.com/news/moore_21784__article.html/tra%20nsformer_substation.html

South Texas Nuclear Project Putting Together Team to Apply for 2,600 MW Expansion

Reuters, 07:00 June 7, 2007

Wisconsin PUC Says Alliant Energy's Application to Build 300 MW Coal-fired Plant is Incomplete

<http://www.msnbc.msn.com/id/19073729/>

PVR Midstream LLC Plans to Construct New 80 MMcf/d Gas Processing Plant and Related Pipelines in the Bethany Field of East Texas

http://phx.corporate-ir.net/phoenix.zhtml?c=130989&p=irol-newsArticle_print&ID=1012507&highlight

Virginia Regulators to Hold Radiological Emergency Response Drill at Surry Nuclear Power Plant June 26

<http://www.dailypress.com/news/local/dp-now-drilljn6.0.217329.story?coll=dp-news-local-final>

New Brunswick to Accelerate Plan to Study Possible New Nuclear Power Plant

<http://www.canada.com/topics/news/national/story.html?id=fa1f22d7-128a-4286-a0c0-0752a6f471c7&k=30946>

Cameco Inc. Requests to Expand Production at Crowe Butte Uranium Mine in Nebraska as Prices Surge

<http://khastv.com/modules/news/article.php?storyid=9886>

Links

This Week in Petroleum from the Energy Information Administration (EIA)

<http://tonto.eia.doe.gov/oog/info/twip/twip.asp>

Updated every Wednesday.

Weekly Petroleum Status Report from EIA

http://www.eia.doe.gov/oil_gas/petroleum/data_publications/weekly_petroleum_status_report/wpsr.html

Updated after 10:30 AM & 1:00 PM EST every Wednesday.

Natural Gas Weekly Update from EIA

<http://tonto.eia.doe.gov/oog/info/ngw/ngupdate.asp>

Updated after 2:00 PM EST every Thursday.

ENERGY ASSURANCE DAILY

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<http://www.oe.netl.doe.gov/index.aspx>.

Please direct comments and questions to: ead@oe.netl.doe.gov